

complicated structure of modern commerce, the distribution of risks by margins and futures, sales for *report* and arbitrage, and the diffusion of savings and the taste for investment among all classes in civilized states, have given a new character to speculation and made the stock market a more sensitive barometer of business conditions than the more sluggish merchandise markets. Securities have become the most convenient means of settling international balances, and by their unrecorded transfers have impaired the value of the statistics of visible commerce. They have become in a large measure a substitute for money and have to be considered in dealing with monetary problems. The steady rise of national securities in recent years has been chiefly the result of the falling interest rates on capital and their safety as temporary investments, but shrewd speculators, by playing upon the ignorance of investors, have convinced them that the other securities upon the market were sure, in their hands, to pursue the same ascending course. Intoxicated by this prospect of paper riches, investors have measured their expenditures by their assumed wealth, have furnished occupations for the ministers of luxury, and have brought perturbation into the entire economic order.<sup>1</sup>

Marginal profits in stock speculations depend in several ways upon low rates for money, and these disappeared in England and France during the autumn of 1881. The United States resumed specie payments on January 1, 1879, and the current of gold drawn towards the country by the operations of the treasury was swelled by the abundant crops and large exports of the years which immediately followed. The merchandise exports from the United States in 1881 were

<sup>1</sup> "These effects of growing wealth have their effect even upon the public finances. Transactions being more numerous and being made at higher prices, the registration taxes give larger revenues. It is thus, that from 1875 to 1881, the receipts of the Treasury exceeded the official estimates by 580,701,788 francs, and this was made the occasion by the party in power for launching into foolish expenses, in the famous plan of public works of M. Preycinet and the purchase of little railway lines, which resulted in a series of loans in profound peace." —Jannet, 392.